

Message Text

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51

ACTION EUR-25

INFO OCT-01 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00 DOTE-00

EB-11 INR-11 NSAE-00 RSC-01 FAA-00 L-03 SS-20 SP-03

NSC-07 TRSE-00 STR-08 DRC-01 /100 W

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R 251650Z JUL 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2484

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E.O. 11652: N/A

TAGS: ETRN

SUBJECT: CIVAIR - ROLLS-ROYCE-POWERED BOEING 747

REF: LONDON 8769

1. "INTERAVIA AIR LETTER" DATED JULY 22 CARRIES FOLLOW-
ING REPORT DATED LONDON: QUOTE
BRITISH AIRWAYS HAS DECIDED TO ADOPT THE 50,000 LBT RB.
211-524 ENGINE FOR FUTURE PURCHASES OF LONG-RANGE BOEING
747 AIRCRAFT. JUST HOW MANY AIRCRAFT WILL ULTIMATELY
BE BOUGHT IS NOT KNOWN AND IT COULD RANGE BETWEEN 3 AND
20. A BRITISH AIRWAYS SPOKESMAN TOLD THE AIR LETTER "WE
ARE TALKING TO ROLLS-ROYCE ON OUR LONG TERM ENGINE NEEDS,
BUT A DEAL HAS NOT BEEN SIGNED YET. A MAJOR PLANK OF OUR
POLICY IS TO BUY BRITISH WHERE WE CAN." CLEARLY FULL-
SCALE DEVELOPMENT OF THE -524 WILL REQUIRE GOVERNMENT
FUNDING OF 50 MILLION POUNDS OR MORE. FOR ROLLS-ROYCE,
THE INCLUSION OF THE RB.211 IN THE B.747 PROGRAMME OPENS
UP A BIG NEW MARKET WHICH COULD BE VALUED AT UP TO 1,000
MILLION POUNDS TO THE COMPANY OVER THE NEXT TWO DECADES.
THE -524 HAS BEEN ON TEST SINCE LAST OCTOBER AND IS ON
OFFER TO AIRLINES FOR BOTH THE TRISTAR AND THE B.747 AS
WELL AS POTENTIAL DEVELOPMENTS OF THE A.300B AIRBUS.
UNQUOTE.

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2. WE DISCUSSED POSSIBILITY OF ROLLS-ROYCE POWERED 747 WITH WARRINGTON, UNDERSECRETARY, DEPARTMENT OF INDUSTRY ON JULY 22. WE EXPLAINED WE WERE WATCHING DEVELOPMENTS IN THIS AREA WITH CONSIDERABLE INTEREST BECAUSE OF EFFECT THAT PRODUCTION OF RB-211 POWERED 747 WOULD HAVE ON SALES AND EXPORTS OF U.S. AEROENGINE MANUFACTURERS, PARTICULARLY PRATT AND WHITNEY. WARRINGTON SAID UKG HAD NOT YET TAKEN ANY DECISION WITH REGARD TO COMMITTING FUNDS TO LAUNCH THE RB-211-524 INTO PRODUCTION. HE WAS DELIBERATELY VAGUE ABOUT WHEN SUCH A DECISION MIGHT BE TAKEN BUT HINTED THAT IT MIGHT HAVE TO AWAIT OUTCOME OF PROPOSED TEXTRON-LOCKHEED DEAL, IMPLYING THAT IF DEAL FELL THROUGH AND LOCKHEED TOO STRAPPED FOR FUNDS TO MARKET LONGER-RANGE TRISTAR AND/OR "PASSENGER-CUM-FREIGHTER" VERSION, RB-211-524 MIGHT NOT BE PRODUCED.

3. WARRINGTON SAID HE NOT IN A POSITION TO KNOW FOR SURE IF BRITISH AIRWAYS HAD REACHED DECISION ON WHETHER ITS FUTURE PURCHASE ORDERS FOR 747 WOULD BE FOR ROLLS-POWERED VERSION BUT HE SAID HE DID NOT BELIEVE BA HAD REACHED DECISION STAGE YET. (THIS IS CONSISTENT WITH WHAT PRATT & WHITNEY OFFICIALS HAVE TOLD US.) HE MAINTAINED BA UNDER NO REPEAT NO OFFICIAL PRESSURE TO OPT FOR ROLLS-POWERED 747S AND HE IMPLIED THAT WHILE BA DECISION WOULD BE IMPORTANT, IT PROBABLY WOULD NOT BE CRITICAL TO UKG DECISION ON WHETHER TO LAUNCH RB-211-524 INTO PRODUCTION.

4. COMMENT. BEYOND OUR EXPRESSION OF INTEREST IN STATUS OF RB-211-524 DECISION, WE DID NOT INDICATE TO WARRINGTON ANY OFFICIAL US VIEWS WITH REGARD TO LAUNCHING THE NEW ROLLS ENGINE INTO PRODUCTION ALTHOUGH WE HAVE BEEN LOBBIED BY PRATT & WHITNEY TO DO SO. IT IS TRUE THAT PRATT & WHITNEY SALES PROSPECTS WOULD PROBABLY BE ADVERSELY AFFECTED BY UK DECISION TO LAUNCH PRODUCTION OF -524 ENGINE BUT ON OTHER HAND, MARKETABILITY OF LOCKHEED TRISTAR AND, TO LESSER EXTENT BOEING 747 WOULD BE ENHANCED BY HAVING AVAILABLE THE NEW ROLLS ENGINE. ALSO WE DOUBT THAT USG PRESSURES WOULD HAVE MUCH EFFECT ON UK DECISION. THEREFORE, UNLESS INSTRUCTED TO THE CONTRARY, WE WILL LIMITED OFFICIAL USE

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FOLLOW CLOSELY PROGRESS ON UK DECISION BUT WILL CONTINUE TO MAINTAIN NEUTRAL POSTURE.

SOHM

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, AIRCRAFT ENGINES, BOEING 747, JOINT VENTURES
Control Number: n/a
Copy: SINGLE
Draft Date: 25 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: kelleyw0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON09466
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740202-0277
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740719/aaaaapna.tel
Line Count: 111
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: LONDON 8769
Review Action: RELEASED, APPROVED
Review Authority: kelleyw0
Review Comment: n/a
Review Content Flags:
Review Date: 25 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 JUN 2002 by boyleja>; APPROVED <26 FEB 2003 by kelleyw0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR - ROLLS-ROYCE-POWERED BOEING 747
TAGS: ETRN, UK, US, ROLLS ROYCE
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005